

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ISO-00 FEA-01 AEC-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02

USIA-15 PRS-01 /103 W

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R 180939Z JAN 75

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC 1756

INFO AMEMBASSY ACCRA

AMEMBASSY COTONOU

AMEMBASSY LAGOS

AMEMBASSY LOME

AMEMBASSY NIAMEY

AMEMBASSY OUAGADOUGOU

UNCLAS ABIDJAN 0536

E.O. 11652: N/A

TAGS: ENRG

SUBJECT: \$45 MILLION, TEN-YEAR PETROLEUM EXPLORATION AGREEMENT
SIGNED IN ABIDJAN

REF: ACCRA 0226(NOTAL)

SUMMARY: ON JANUARY 14 PRESIDENT HOUPHOUET-BOIGNY AND REPRESENTATIVES OF FOUR OIL COMPANIES--PHILLIPS PETROLEUM AND GETTY OIL OF UNITED STATES, HISPANOIL OF SPAIN, AND AGIP OF ITALY--SIGNED A \$45 MILLION TEN-YEAR EXPLORATION AGREEMENT FOR OFFSHORE PETROLEUM EXPLORATION.END SUMMARY.

1. UNDER TERMS OF THE AGREEMENT, THE FOUR COMPANIES EACH HAVE A 25PERCENT SHARE OF THE VENTURE, WITH GOIC HAVING OPTION TO BUY 10PERCENT OF TOTAL IN EQUAL SHARES FROM THE FOUR WITHIN 60 DAYS.

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PHILLIPS WILL BE OPERATING COMPANY AND MUST BEGIN EXPLORATION

WITHIN 90 DAYS. CONSORTIUM WILL TAKE RESPONSIBILITY FOR ALL FINANCIAL AND TECHNICAL RISKS DURING SEARCH AND FOR DEVELOPMENT OF ANY RESERVES DISCOVERED. ANY PRODUCTION WILL BE SHARED AMONG GOIC AND PARTICIPATING COMPANIES IN ACCORDANCE WITH COMPLICATED FORMULA DEPENDING ON DEPTH OF FIND, QUANTITIES, COSTS-TO-DATE, ETC. WHILE EACH PRODUCTION-SHARING AGREEMENT FOR PETROLEUM IS UNIQUE, PHILLIPS REPRESENTATIVES TOLD AMBASSADOR THAT THIS ONE IS SIMILAR TO INDONESIAN AND PERUVIAN AGREEMENTS.

2. 19,000 SQUARE KILOMETER CONCESSION STRETCHES FROM GHANA BORDER WESTWARD ABOUT TWO-THIRDS OF COASTLINE OF IVORY COAST AND GOES FROM DEPTHS OF 200 TO 3,000 METERS.

3. IN A SIMPLE SIGNING CEREMONY AT THE PRESIDENTIAL PALACE, PRESIDENT HOUPHOUET WELCOMED THE AGREEMENT AND STRESSED THAT GOIC HAS ALWAYS RESPECTED THE COMMITMENTS IT ENTERS INTO FREELY. EDIWN VAN DEN VARK, VICE PRESIDENT OF PHILLIPS, THANKED GOIC FOR ITS COOPERATION AND PRAISED HOUPHOUET AS "ONE OF GREATEST LEADERS IN WORLD TODAY."

4. IN MEANTIME, POST CONTINUES TO HEAR THAT ESSO EXPLORATION HAS FOUND OIL IN SHALLOW DEPTHS, BUT NO INDICATION WHETHER IT IS IN SUFFICIENT QUANTITIES TO JUSTIFY EXPLOITATION. SMITH

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